

## Internal Revenue Service

Department of the Treasury  
Washington, DC 20224

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### Legend

X1 =

X2 =

D1 =

D2 =

Country =

Dear :

This is in response to a letter dated June 21, 2010, and subsequent correspondence, submitted on behalf of X1 and X2, requesting an extension of time under § 301.9100-3 of the Procedure and Administration Regulations for X1 and X2 to file entity classification elections.

### FACTS

The information submitted states that X1 and X2 were formed under the laws of Country on D1 and D2, respectively. X1 and X2 represent that they are foreign entities eligible to elect to be treated as associations taxable as corporations for federal tax purposes, effective D1 and D2. However, neither X1 nor X2 timely filed a valid Form 8832, Entity Classification Election, electing to be treated as an association taxable as a

corporation. Nevertheless, X1 and X2 represent that they have consistently treated themselves as associations taxable as corporations for federal tax purposes.

### LAW AND ANALYSIS

Section 301.7701-3(a) provides that a business entity that is not classified as a corporation under § 301.7701-2(b)(1), (3), (4), (5), (6), (7), or (8) (an eligible entity) can elect its classification for federal tax purposes. Elections are necessary only when an eligible entity does not want to be classified under the default classification or when an eligible entity chooses to change its classification.

Section 301.7701-3(b)(2)(i) provides that, except for certain existing entities described in § 301.7701-3(b)(3), unless a foreign eligible entity elects otherwise, the entity is: (A) a partnership if it has two or more members and at least one member does not have limited liability; (B) an association if all members have limited liability; or (C) disregarded as an entity separate from its owner if it has a single member that does not have limited liability.

Section 301.7701-3(c)(1)(i) provides that an eligible entity may elect to be classified other than as provided under § 301.7701-(3)(b) by filing Form 8832 with the appropriate service center. Under § 301.7701-3(c)(1)(iii), this election will be effective on the date specified by the entity on Form 8832 or on the date filed if no such date is specified. The date specified on Form 8832 cannot be more than 75 days prior to the date on which the election is filed.

Section 301.9100-1(c) provides that the Commissioner may grant a reasonable extension of time to make a regulatory election, or a statutory election (but no more than 6 months except in the case of a taxpayer who is abroad), under all subtitles of the Internal Revenue Code except subtitles E, G, H, and I. Section 301.9100-1(b) provides that the term “regulatory election” includes an election whose due date is prescribed by a regulation published in the Federal Register.

Sections 301.9100-1 through 301.9100-3 provide the standards the Commissioner will use to determine whether to grant an extension of time to make the election. Section 301.9100-2 provides the rules governing automatic extensions of time for making certain elections. Section 301.9100-3 provides the standards the Commissioner will use to determine whether to grant an extension of time for regulatory elections that do not meet the requirements of § 301.9100-2. Under § 301.9100-3, a request for relief will be granted when the taxpayer provides evidence to establish to the satisfaction of the Commissioner that (1) the taxpayer acted reasonably and in good faith, and (2) granting relief will not prejudice the interests of the government.

CONCLUSION

Based solely on the information submitted and the representations made, we conclude that the requirements of §§ 301.9100-1 and 301.9100-3 have been satisfied. As a result, X1 and X2 are each granted an extension of time of 120 days from the date of this letter to file a Form 8832 with the appropriate service center and elect to be treated as an association taxable as a corporation for federal tax purposes, effective D1 and D2, respectively. A copy of this letter should be attached to each Form 8832.

As a condition for this late election relief, X1 and X2 must file, within 120 days of the date of this letter, any required federal tax returns and any affected U.S. persons must file, within 120 days of the date of this letter, any Forms 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations, not already filed for all tax periods affected by this ruling, through the present, consistent with X1 and X2 having made timely entity classification elections. Copies of this letter should be attached to any such forms.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

Sincerely,

Associate Chief Counsel  
(Passthroughs and Special Industries)

By:

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(Passthroughs & Special Industries)

Enclosures (2)  
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